Department of Defense

Army Materiel Command Town Hall

National Security Personnel System

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Program Executive Officer (PEO)

October 31, 2006

What is NSPS?

DoD's Flexible and Responsive Civilian Personnel System

- Performance management system that:
  - Values performance and contribution
  - Encourages communication
  - Supports broader skill development
  - Promotes excellence
- Streamlined, more responsive hiring process
- Flexibility in assigning work
- Preservation of employee benefits, rights, and protections
- Preservation of rights to join a union
- Tools for a more effective and efficient workforce

Alignment Matters

- **What are our goals?**
  - Align work with mission and/or organizational goals
  - Communicate and understand how employee contributions tie to mission and organizational goals
  - Acknowledge and reward performance
  - Distinguish levels of performance so that those who are contributing are rewarded appropriately
- **What is our intent?**
  - Relationships are clear and transparent
  - Responsibility is clear and accepted
  - Results are demonstrated and measurable
- **What we know after 25 years experience in DoD…**
  - Communication and training are critical
  - Evaluation assures accountability
  - Transformational change must happen at every level
  - Takes hard work and is time consuming

What Does Not Change?

- Merit System Principles
- Veterans' Preference Principles
- Whistleblower protections
- Rules against prohibited personnel practices
- Anti-discrimination laws
- Fundamental due process
- Benefit laws on retirement, health, life, etc.
- Allowances and travel/subsistence expenses
- Training

What's In It For Employees?

- Recognizes and rewards employees based on personal contributions to mission
- Opens communication between supervisors and employees: all know expectations
- Encourages employees to take ownership of their performance and success
- Promotes broader skill development and advancement opportunities in pay bands

What's In It For Supervisors?

- A modern, flexible, and agile human resources system
  - Reward good performance
  - Mitigate against poor performance
- Aligned with DoD mission
  - Attract highly qualified job candidates
  - Right person in the right position at the right time with the right pay
- More accountability, more responsibility

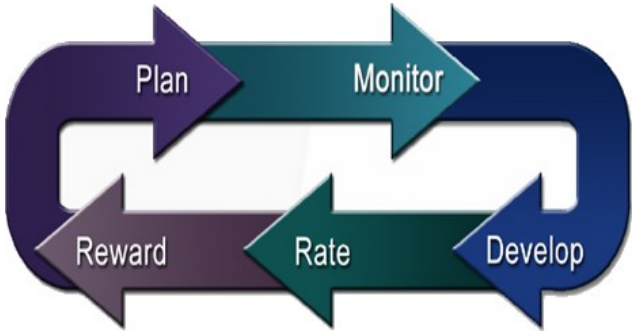
Where We Are

- **2½ years of joint design and development**
- **Spiral 1.1 implemented on 30 April 2006**
  - Human Resources provisions
  - Approximately 11,000 CONUS GS employees in 12 organizations
  - Successful IT conversion and payroll interface
- **Performance Management**
  - Workforce trained in HR Elements and Performance Management
  - Performance plans linked to organizational goals and objectives
  - Rating cycle through October 2006
  - Performance payout in January 2007
- **Lessons Learned Workshop, June 21-22, 2006**
- **Spiral 1.2 – over 66,000 employees converting October 2006 - January 2007**
  - Human Resources provisions
  - CONUS and OCONUS – two pay schedules (GS and APS)
  - Rating Cycle through September 2007
  - Performance payout in January 2008
- **Conducted Spiral 1.1 mock pay pools**
- **Lessons Learned Session, October 24, 2006**

Major Design Elements

- **Classification**
  - Jobs in broad “pay bands” based on work nature and competencies
- **Compensation**
  - Pay directly linked to performance and mission accomplishment
- **Performance Management**
  - Linked to agency mission
  - Job objectives and contributing factors influence rating
  - Meaningful distinctions in employee performance
  - Employee development with ongoing feedback and dialogue
- **Staffing**
  - Flexibility to respond to mission changes
  - The right person, in right place, at the right time
- **Workforce Shaping**
  - Emphasis on performance

Performance Management System



- Direct link between mission accomplishment, performance, and pay
  - **Job objectives** – the **“What”** – primary focus
  - **Manner of performance** – the **“How”** – contributing factors that influence the objective rating
- Meaningful distinctions in performance

Performance Appraisal Application

- Automated tool that will aid in:
  - Creating performance plans
  - Capturing the recommended rating levels
  - Capturing the overall rating of each employee
  - Open, ongoing communication
- Part of the Defense Civilian Personnel Data System (DCPDS)
  - Accessible to employees and supervisors
  - Accessed via *My Workplace* (supervisor/manager) or *My Biz* (employee)

Why Pay Pools Are Important

- Reconcile ratings and payout decisions
- Ensure managers/supervisors apply standards equitably when rating employees and providing rewards/incentives
- Ensure multi-level accountability and responsibility
  - Rating Official, Pay Pool Panel, Pay Pool Manager, Performance Review Authority (PRA)
- Validate decisions made at the individual level within the context of organization and mission

Mock Payouts – Key Findings

- Supervisor and employee perspectives aligned regarding performance measures
- Clear and consistent understanding of Level 3 rating is essential to defining performance that exceeds expectations
- Mock payouts should be conducted earlier so organizations can make necessary adjustments
  - Establish or modify business rules
  - Provide additional training
  - Pay pool process can be lengthy – allow appropriate time
  - Need more guidance on salary increase vs bonus

Feedback Adjustments

- Conversion
  - Spiral 1.2 conversion window (Oct 2006 – January 2007) vs single implementation date
- Training Modifications
  - Emphasis on writing smart job objectives and self-assessments
- Need for Compensation Guidance

What's Next?

- **Design and implement NSPS for other populations**
- **Continue spiral approach**
- **Evaluate program**
  - Short term: system adjustments, course corrections, best practices to share
  - Mid term: system determination
  - Long term: continuous improvement

Summary

- A modern, flexible, and agile human resources system
  - Responsive to the national security environment
  - Preserves employee protections and benefits

- Stimulates an environment where employees are encouraged to excel, challenged with meaningful work, and recognized for contributions
  - Transitions to a culture where feedback and coaching is essential
  - Encourages employees to take ownership of their performance and successes

"NSPS is a win-win-win system… a win for our employees, a win for our military and a win for our Nation."

Honorable Gordon R. England
NSPS Senior Executive

QUESTIONS?

www.cpms.osd.mil/nsps

Conversion of GS/GM-14 Supervisors

- GS/GM-14 supervisory positions convert to pay band based on highest level of work performed

- Supervisory responsibilities
  - Pay Band 2 supervisory positions (YC/YF)
    - ✓ More limited scope of supervisory responsibilities (e.g., functions as immediate or intermediate supervisors)
    - ✓ Usually supervise Pay Band 2 employees (GS -9/11/12/13 equivalent)
  - Pay band 3 supervisory positions (YC/YF)
    - ✓ Broad scope of managerial responsibilities
    - ✓ Usually manage Pay Band 3 employees (GS -14/15 equivalent)
- Non-supervisory (technical) work
  - Pay band 3 non-supervisory positions (YA/YD)
    - ✓ Covers GS/GM-14 level of work personally performed
    - ✓ Subject-matter expert, program manager

Component determines pay band assignment

Pay Cap on Reassignment

- Pay increases on reassignment actions are capped at a maximum of 5% per job change
  - Under GS rules, movements from 12 to 13 were promotions
  - Under NSPS, these actions are reassignments
    - ✓ Pay increase less than received under GS (6 to 19%)

- Senior leadership decision on August 23, 2006
  - Maintain reassignment maximum at 5%
  - Monitor under NSPS evaluation plan
  - Ensure other provisions for pay increases are understood
    - ✓ Performance payouts—salary increase and/or bonus
    - ✓ One-time, in-band promotion equivalent (deals with GS-12/13 issue, in particular)
    - ✓ Accelerated Compensation for Developmental Positions (ACDP)

Financial Management Decisions

- **Conversion Adjustment**
  - Employee's basic pay will be set at their current base rate plus a pay adjustment equal to the amount earned to date toward their next WGI
- **January 2007 Pay Adjustment**
  - Grant equivalent of GS across-the-board pay increase and locality pay increase for those employees with a current rating of record of Level 2 or above
- **Pay Pool Funding Floor**
  - Department-wide funding floor set at DoD historical average (2.26%) for continuing pay
  - Components have discretion to set bonus portion of the pay pool
- **Protection of Pay Pool Funding**
  - Components certify that pay pool funds were used only for compensation of civilian employees

Communication Process

Topics for supervisor/employee discussion:

- Drafting job objectives
- Reviewing organizational goals
- Writing a self-assessment

- Accomplishments
- Contributing Factors
- Development goals
- Areas for improvement

- Performance plan
- Written appraisal
- Recommended rating
- Recommended payout

Civilian Personnel Funding Allocations

Title 5

- **Within-Grade Increases**
- **Quality-Step Increases**
- **Promotions Between Grades**
- **Chapter 45 Incentive Awards**

NSPS

- **Performance-Based Payouts (Pay Pool)**
  - **Salary Increases**
  - **Bonuses**
- **Promotions Between Bands**
- **Reassignments**
- **Accelerated Compensation for Developmental Positions (ACDP)**
- **Extraordinary Pay Increases (EPI)**
- **Organizational Achievement Recognition**
- **Chapter 45 Awards**

Staffing & Workforce Shaping Philosophy

- **Staffing**
  - Right person –right place – right time
    - ✓ Develop capabilities to meet tomorrow's threats
  - Appointing authority for DoD
  - Easily hire for critical needs
  - Pay flexibility
    - ✓ Obtain and keep talent for mission needs
    - ✓ Be competitive
- **Work Force Shaping**
  - Streamlined, mission responsive
  - Performance based
  - Less disruptive to employees and mission
- **Honor Veterans' Preference**

Compensation Philosophy

- **Performance based - market sensitive**
  - Allows adjustments to market – be competitive
  - Salary increases tie to performance – not time on job
  - Largely sunset special rate supplements
- **Move to market sensitive pay over time**
  - Adjust career group, pay schedule, occupation, and/or pay band local market supplement pay differently than rest of government by exception for now
  - Establish analysis capacity this FY

Spiral 1.1 vs 1.2

Spiral 1.1

- ✓ 11,124 employees
- ✓ CONUS only
- ✓ Single pay schedule (GS)
- ✓ Single implementation date (30 Apr 06)

Spiral 1.2

- ✓ 66,558 employees
- ✓ CONUS and OCONUS
- ✓ Two pay schedules (GS and APS)
- ✓ Conversion window (Oct 06 – Jan 07)

Classification Terminology

Four NSPS career groups.

- Establish new groups as needed
- Add, combine, eliminate, and/or move occupations

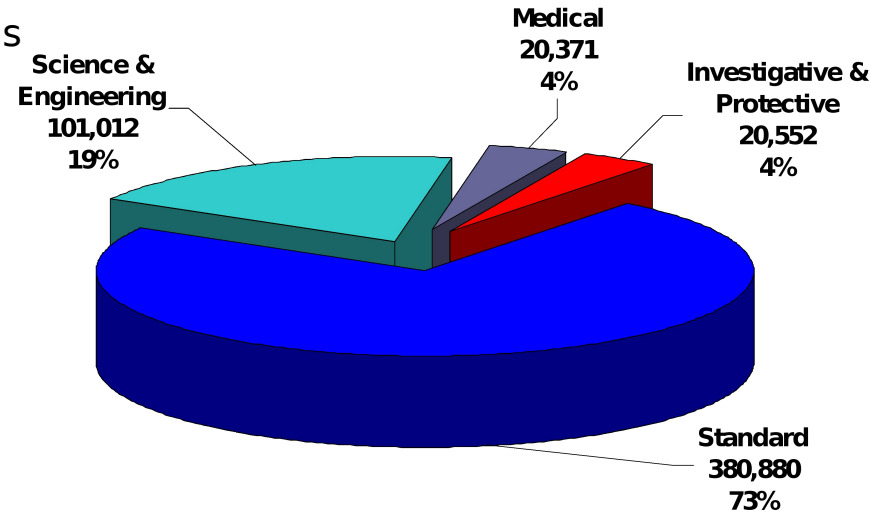
Nine possible pay schedules within those groups.

- Stratify occupations within career groups
- Sunset special salary rates
- Reflect distinctions in occupations
  - ✓ Types of work
  - ✓Education requirements
  - ✓Career progression
  - ✓Pay practices

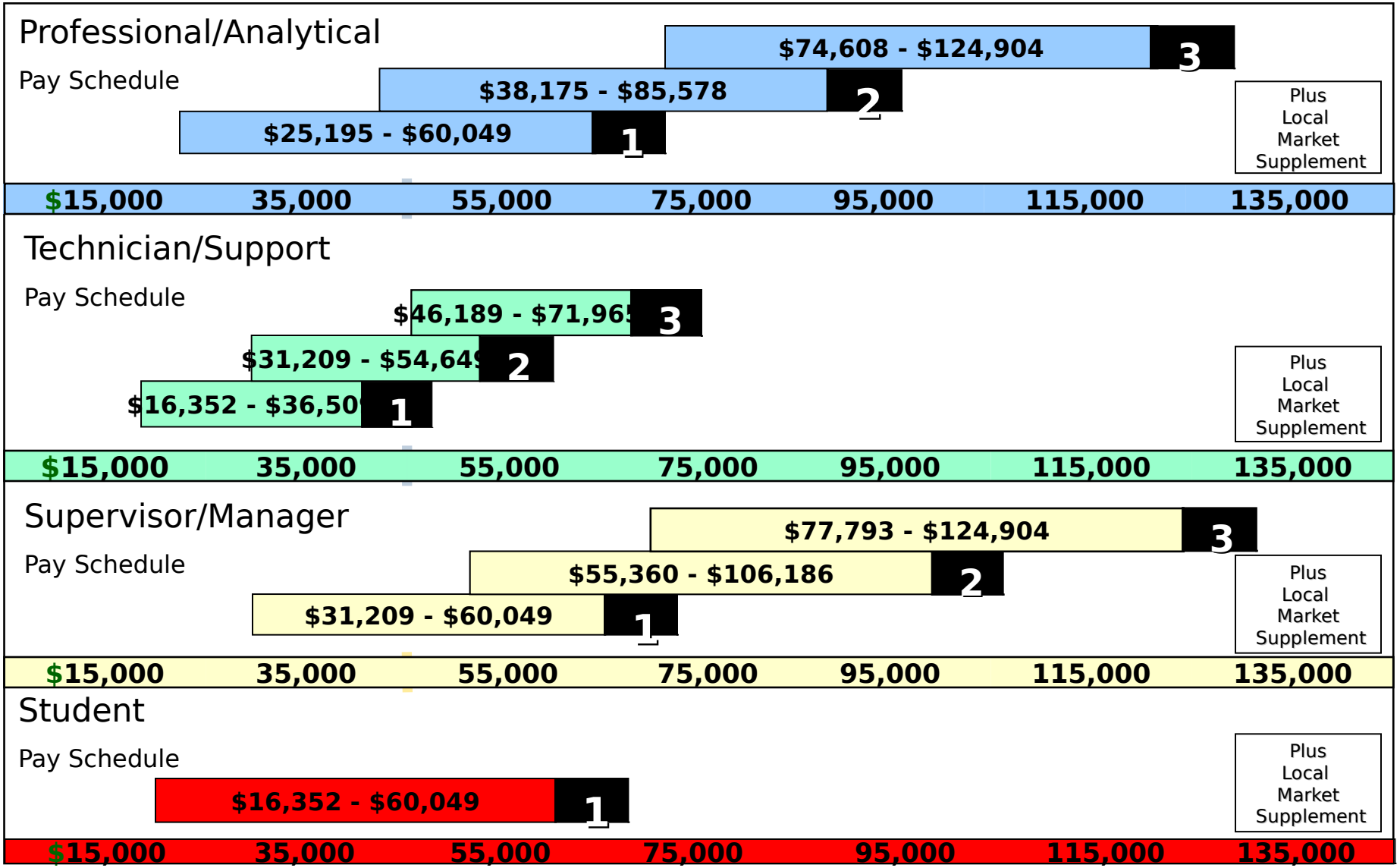
One to four pay bands under each pay schedule.

Classification

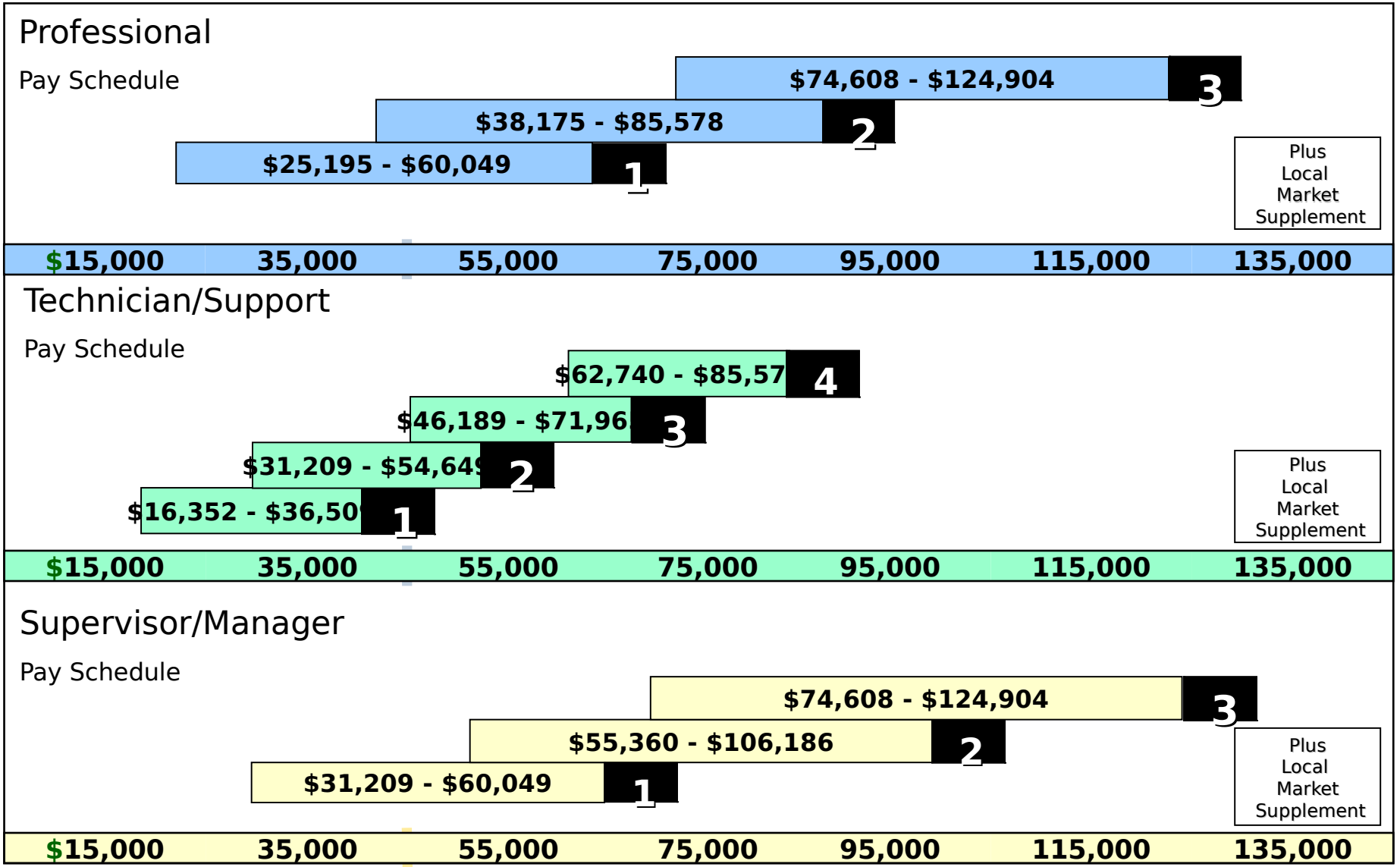
- **Simple – Flexible**
  - Based on natural career groups, typical career progression and compensation
  - Sunset special salary rates
- **Career Groups**
  - Establish new groups as needed
  - Combine current groups if differences become unimportant
  - Add, combine, eliminate, and/or move occupations
- **Pay Schedules and Bands**
  - Stratify occupations within career groups
  - Reflect distinctions in occupations
    - ✓ Types of work
    - ✓ Education requirements
    - ✓ Career progression
    - ✓ Pay practices



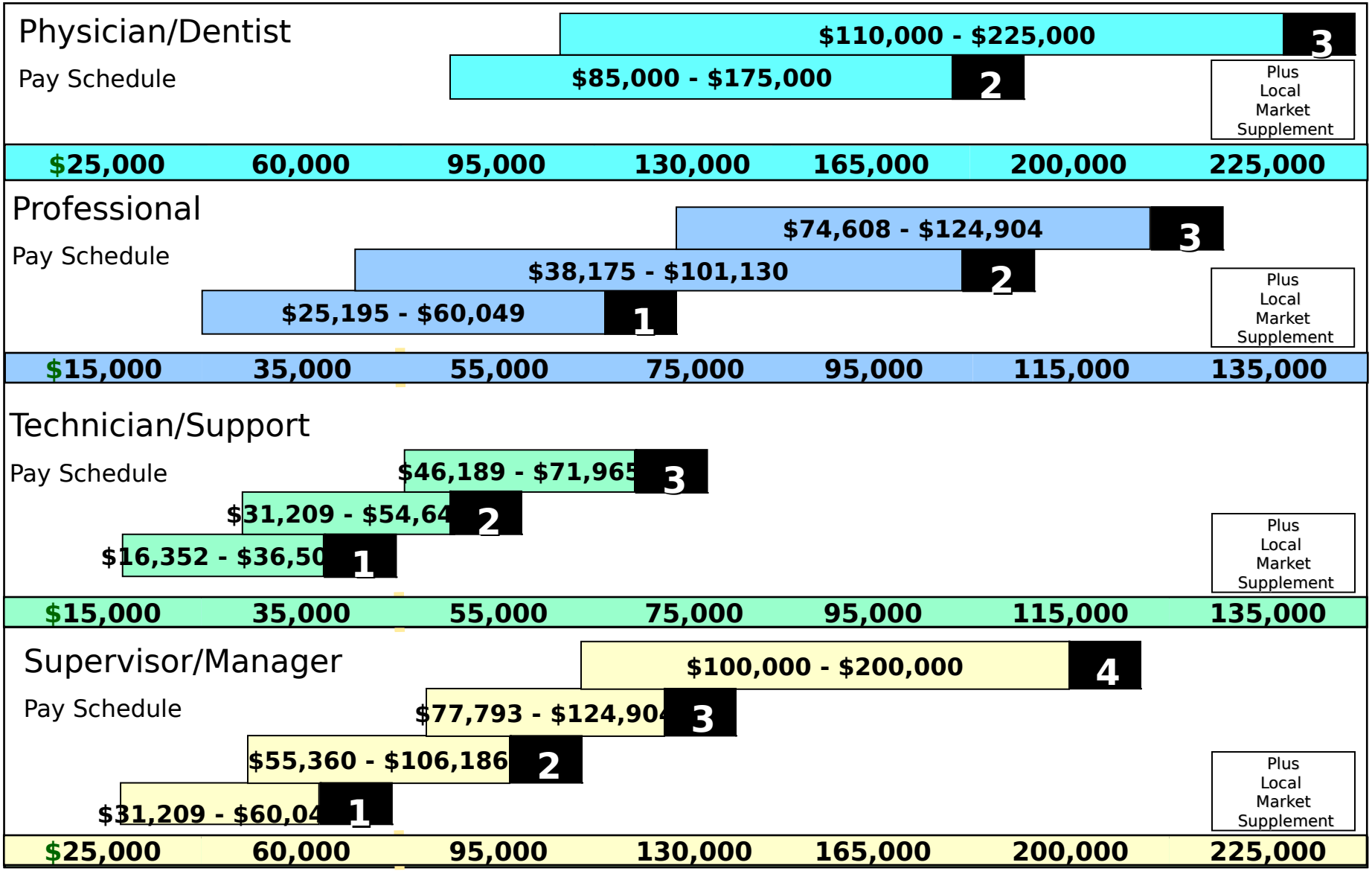
Standard Career Group



Scientific and Engineering Career Group



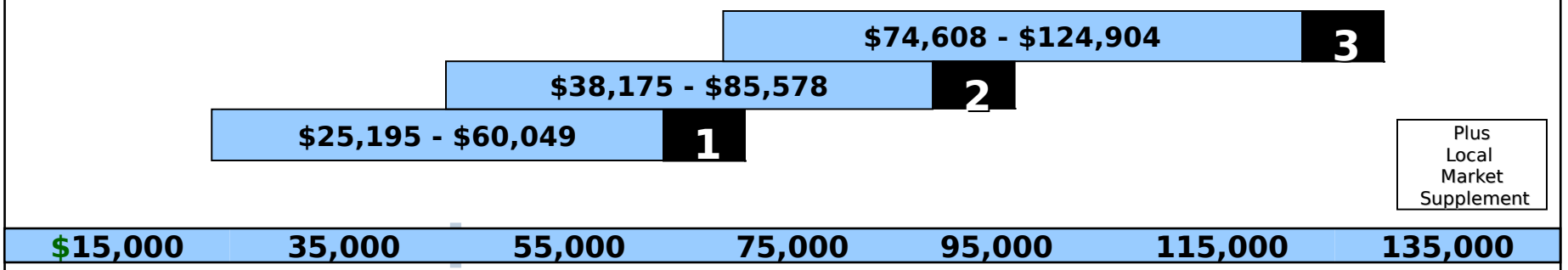
Medical Career Group



Investigative & Protective Services Career Group

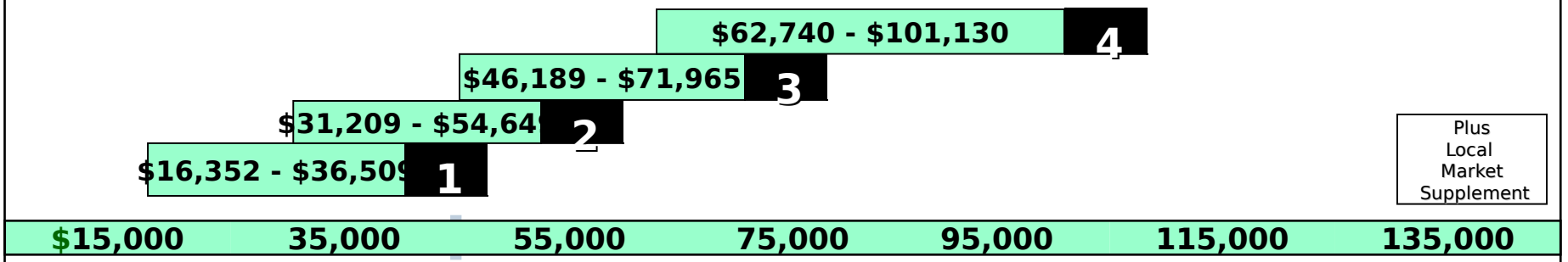
Investigative

Pay Schedule



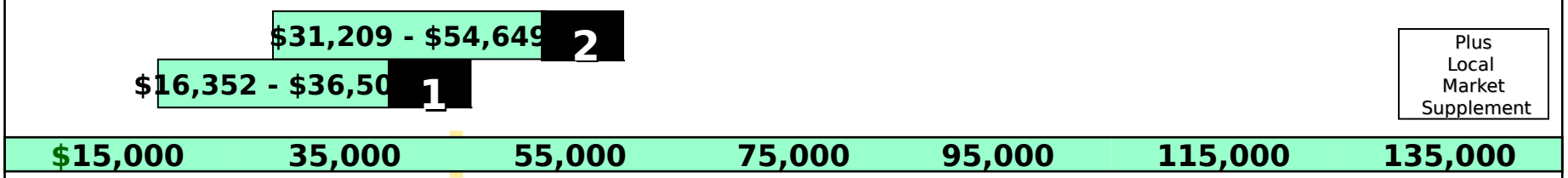
Fire Protection

Pay Schedule



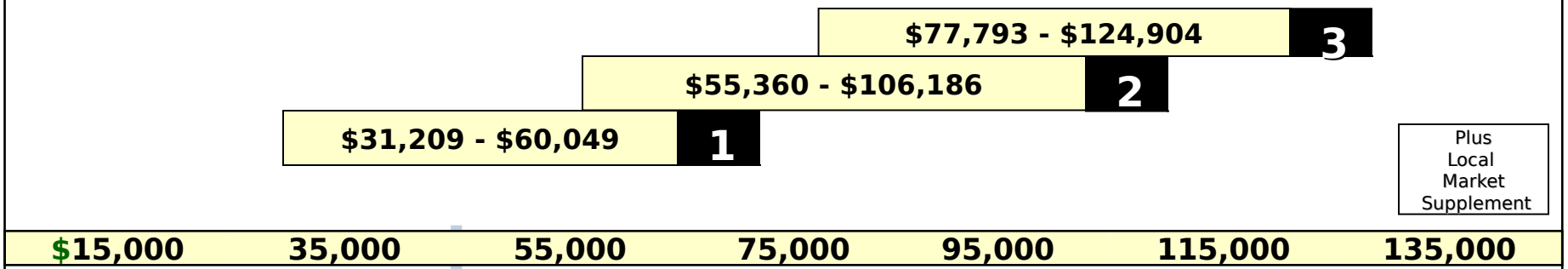
Police/Security Guard

Pay Schedule

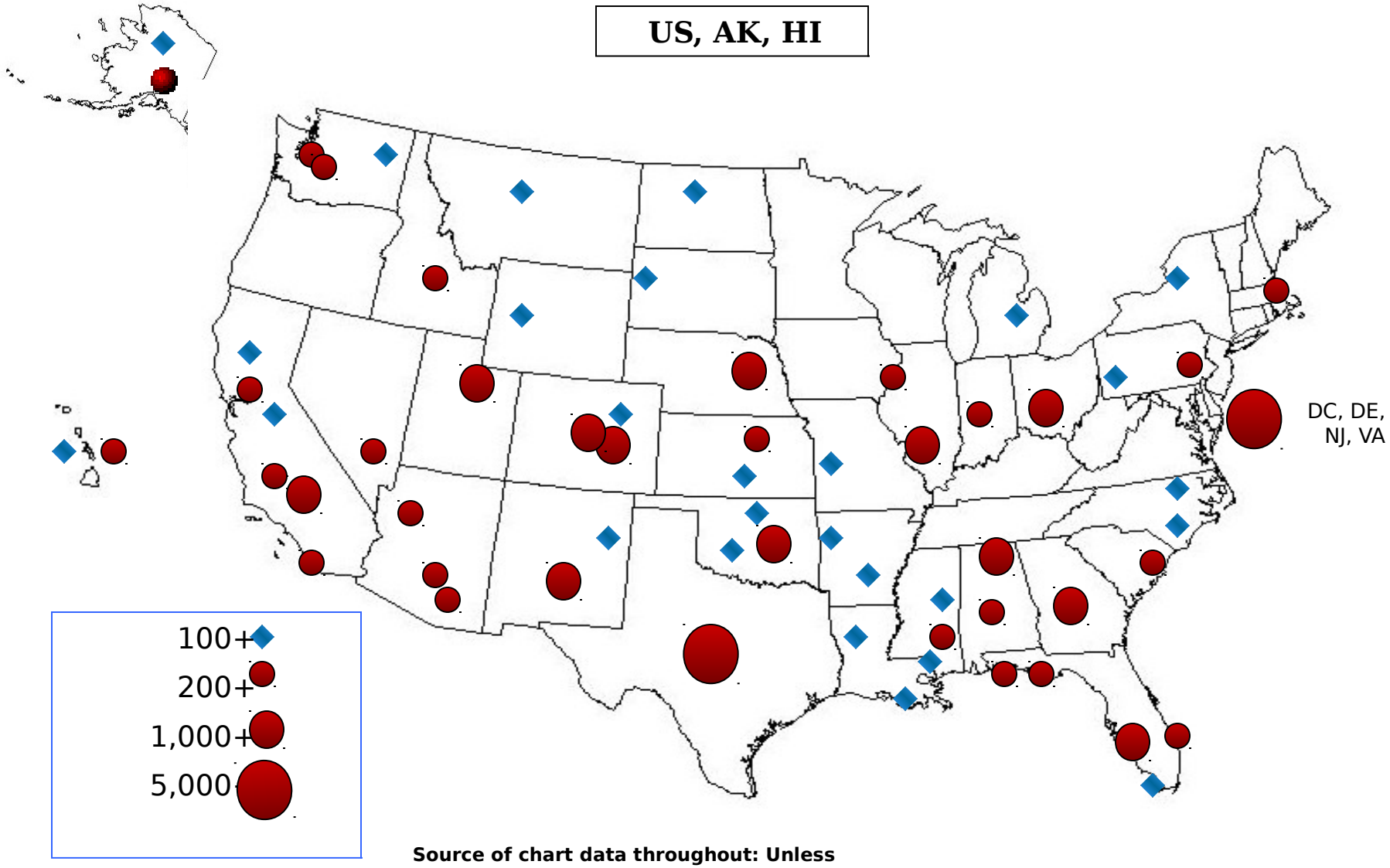


Supervisor/Manager

Pay Schedule



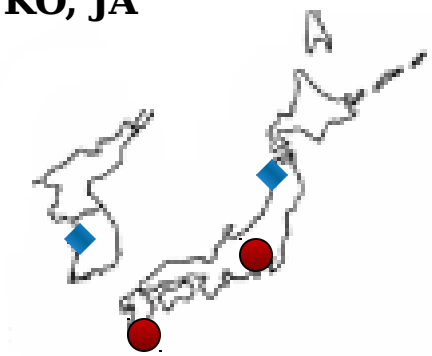
Spiral 1.1 and 1.2 Workforce Concentrations



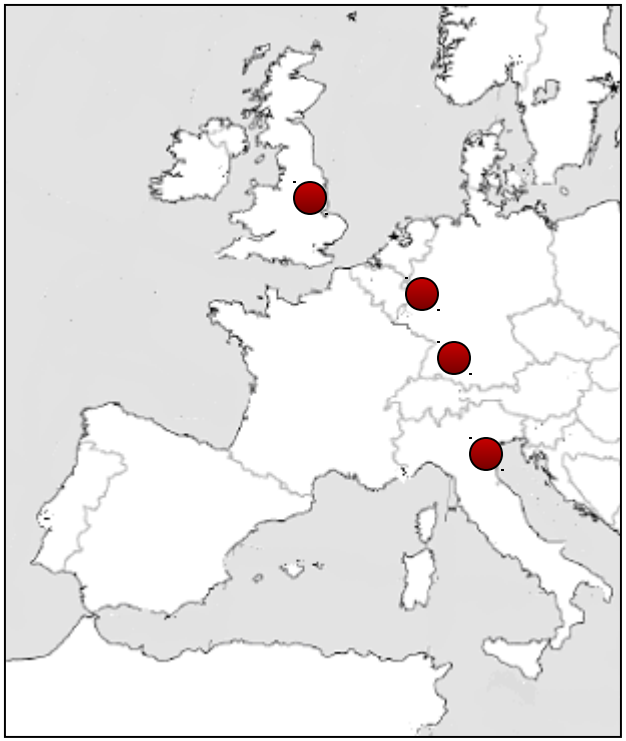
Source of chart data throughout: Unless otherwise noted, DCPDS, as of 11 May 2006, start of Spiral 1.1.

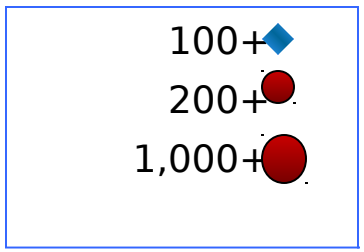
Spiral 1.2 Workforce Concentrations

KO, JA



UK, GE, IT





Source of chart data throughout: Unless otherwise noted, DCPDS, as of 11 May 2006, start of Spiral 1.1.

Learning Strategies

- **Classroom Delivery**
- **Web-based Training**
- **Behavioral Training**
- **Website**
  - **www.cpms.osd.mil/nsps**
- **Print Materials**
- **Video**

AFGE v. Rumsfeld

- Feb 27, 2006, District Court concluded that:
  - DoD and OPM satisfied their statutory obligation to collaborate in developing the system
  - DoD lawfully had the authority to depart from Chapter 71 in establishing a new labor relations system
  - New rule fails to ensure that employees can bargain collectively
  - National Security Labor Relations Board does not meet Congress' requirement for "independent third party review" of labor relations decisions
  - Process for appealing adverse actions fails to provide employees with "fair treatment" as required by Congress
- District Court permanently enjoined adverse actions, appeals, and labor relations
- Department of Justice filed Notice of Appeal on April 17, 2006
- Oral Arguments Scheduled for December 11, 2006

SOF-C and NSPS

- May 2006 SOF-C survey – first with NSPS spiral employees
  - Preliminary information via DMDC Leading Indicator notes
  - Detailed tab volume to be released imminently
- Samples NSPS workforce within full civilian workforce
  - May 2006 survey – Spiral 1.1 in first month under NSPS
  - Upcoming Nov 2006 survey to include
    - ✓ Spiral 1.1 through first performance period, before pay pool results
    - ✓ Spiral 1.2 rolling population: 15-16K of 68K will have converted
- Questions include

NSPS	Broad human capital management
Awareness	Job and work environment
Info sources	Leadership
Effects	Human capital system practices, compensation

SOF-C Leading Indicators by NSPS Status

Table 1.

Summary of May 2006 Findings, by NSPS Status

	NSPS Spiral 1.1 Employees	All Others
Likely to continue working for your organization (retention intention)	67	67
Satisfied overall working for organizations	75	73
Satisfaction with total compensation	71	64
Satisfaction with type of work	82	83
Satisfaction with opportunities for promotion	44	37
Satisfaction with quality of coworkers	75	67
Satisfaction with quality of supervisor	71	67
Satisfied overall with job	79	78
Satisfied overall with leadership	57	52
Satisfied overall with management	57	51
Satisfied overall with pay	77	69
Personally well prepared	93	93
Organization well prepared	80	76
Well prepared because of training	75	75

Green – subgroups more satisfied; Red – subgroup less satisfied

Source: DMDC Human Resource Strategic Assessment Program, Note No. 2006-008, 16 Oct 2006

SOF-C Leading Indicators by NSPS Status

Table 1. (continued)

***Summary of May 2006 Findings, by* NSPS Status**

Satisfied overall w/**Personnel System**	71	63
NSPS Awareness	99	79
Agreement that NSPS will improve:		
Hiring process	42	24
Disciplining/correcting poor work	48	37
Rewarding good work performance	50	39
Linking pay to performance	51	38
Classification of jobs	38	27
Communication between supervisors and Employees	51	30
Ensuring individual performance supports organizational mission effectiveness	51	32
NSPS will have a positive impact overall	40	29

Green – subgroups more satisfied; Red – subgroup less satisfied

Source: DMDC Human Resource Strategic Assessment Program, Note No. 2006-008, 16 Oct 2006

Trends in SOF-C Surveys

	Oct04	Apr05*	May06** All Othr	May06** Sp1.1
Aware of DoD's NSPS authority	44%	70%	79%	99%
"Overall, what type of impact do you think NSPS will have on Personnel practices in DoD?" *Positive/very positive responses:*	30%	31%	29%	40%
Agree/strongly agree NSPS will improve personnel processes for				
• Hiring new employees	32%	29%	24%	42%
• Disciplining/Correcting poor performance	31%	36%	37%	48%
• Rewarding good work performance	33%	39%	39%	50%
• Linking pay to performance	33%	36%	38%	51%
• Classification of jobs	29%	29%	27%	38%
• Communications between supervisors-employees	22%	28%	30%	51%
• Ensuring individual performance supports organizational mission effectiveness	27%	32%	32%	51%

NOTES:

* Initial notice to those expected to be in Spiral One sent Dec 04.

** Proposed implementing issuances posted publicly late Nov 05;revised chapter on Performance Management Feb 06. Training for Spiral 1.1 early spring 06.

NSPS Information and Questions

DoD NSPS Information:

http://www.cpms.osd.mil/nsps

AMC NSPS Information:

http://www.amc.army.mil/amc/pe/html/nsps.htm

NSPS Questions:

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